



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-4007/1  
RLR/PG/GMM:nwn:md

Today

2009 BILL

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Regen.

1 AN ACT *to repeal* 50.38 (1) (a); *to renumber and amend* 36.60 (2) (a) and 50.38  
2 (2); *to amend* 20.435 (4) (w), 25.77 (11), 25.77 (12), 25.772, 36.60 (3), 36.60 (4)  
3 (intro.), 36.60 (5) (a), 36.60 (5) (b) (intro.), 36.60 (5) (b) 1., 36.60 (5) (b) 2., 36.60  
4 (5) (b) 3., 36.60 (5) (b) 4., 36.60 (5) (b) 5., 36.60 (8) (b), 36.61 (3), 36.61 (5) (a),  
5 36.61 (5) (b) (intro.), 36.61 (5) (b) 1., 36.61 (5) (b) 2., 36.61 (5) (b) 3., 36.61 (5) (b)  
6 4., 36.61 (5) (b) 5., 49.45 (3) (e) 11., 49.45 (59) (a), 50.38 (3), 50.38 (4), 50.38 (6)  
7 (a) 1., 50.38 (6) (a) 2., 50.38 (6) (b), 50.38 (6) (c), 50.38 (7) (d) and 50.38 (8); and  
8 *to create* 20.285 (1) (qe), 20.285 (1) (qj), 20.435 (4) (xe), 25.17 (1) (cg), 25.774,  
9 36.60 (1) (d), 36.60 (2) (a) 2., 36.60 (4m), 36.60 (8) (h), 36.61 (1) (e), 36.61 (7) (e),  
10 36.63, 49.45 (3) (e) 12., 50.38 (2) (b), 50.38 (6m) and 50.38 (10) of the statutes;  
11 **relating to:** assessment on critical access hospitals; payments to critical access  
12 hospitals under the Medical Assistance Program; creating a rural physician

**BILL**

- 1           residency assistance program; the physician, dentist, and health care provider  
2           loan assistance programs; and making appropriations.
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***Analysis by the Legislative Reference Bureau******Hospital Assessments***

The state currently collects an assessment from hospitals based on their gross inpatient and outpatient revenues. The biennial budget act specifies the total amount of revenue to be collected from the assessment. The Department of Health Services (DHS) then sets the assessment rate, which is the same for all hospitals, at the percentage of gross patient revenue necessary to collect the total revenue amount specified in the biennial budget act. Critical access hospitals, psychiatric hospitals, and institutions for mental diseases are exempt from the assessment. A critical access hospital is, in general, a hospital that provides 24 hour a day emergency care, has 25 or fewer acute inpatient beds, and is located in a rural area in which there are no other hospitals.

Current law directs DHS to use a portion of the hospital assessment revenue to pay hospitals that are subject to the assessment for services provided under the Medical Assistance Program (MA). Like other provider payments under MA, the federal government pays a share of these MA payments to hospitals. Current law requires that the MA payments to hospitals from the assessment revenue, together with the federal share, equal the amount of the assessment revenue divided by 61.68 percent (i.e., 1.62 times the amount of assessment revenue). The remainder of the assessment revenue is appropriated for other MA expenditures.

This bill imposes an assessment on the gross inpatient revenues of critical access hospitals. The rate for the critical access hospital assessment is the same as the rate of the current hospital assessment. The bill requires that DHS use a portion of the critical access hospital assessment revenue to pay critical access hospitals for services provided under MA. Like the current hospital assessment, the bill requires that the MA payments to critical access hospitals from the critical access hospital assessment revenue, together with the federal share of payments, equal the amount of the critical access hospital assessment revenue divided by 61.68 percent. The bill annually appropriates \$1,000,000 of critical access hospital assessment revenue for health care provider loans and rural physician residency assistance, described below. The remainder of critical access hospital assessment revenue is appropriated for other MA expenditures.

The provisions in the bill for payment to critical access hospitals under MA apply to services provided beginning July 1, 2010. The first critical access hospital assessment payments are due by September 30, 2010. The bill requires DHS to submit a state Medicaid plan amendment to the federal government to implement the critical access hospital assessment as provided for in the bill, and specifies that if the federal government disapproves the state plan amendment, DHS must discontinue the assessment on critical access hospitals and refund any critical access hospital assessment revenue collected in fiscal year 2010-11.

**BILL*****Health care provider loan programs***

With certain exceptions, current law authorizes the Board of Regents of the University of Wisconsin System to repay, on behalf of certain physicians and dentists, up to \$50,000 in educational loans if the physician or dentist agrees to practice for three years in certain areas of this state. Similarly, the board may repay, on behalf of certain health care providers (a dental hygienist, physician assistant, nurse-midwife, or nurse-practitioner), up to \$25,000 in educational loans if the health care provider agrees to practice for three years in certain areas of this state.

This bill provides additional funds for these programs, from critical access hospital assessment revenues, for certain physicians, dentists, and health care providers who agree to practice in a rural area of this state. A rural area is a city, town, or village with a population of less than 20,000 that is at least 15 miles from any city, town, or village that has a population of at least 20,000, or an area that is not an urbanized area, as defined by the federal bureau of the census. The bill also increases the maximum amount of the loan repayment from \$50,000 to \$100,000 for a physician who agrees to practice in a rural area.

***Rural physician residency assistance program***

This bill directs the board to establish and support certain physician residency positions at hospitals located in a rural area or at clinics staffed by physicians who admit patients to a hospital located in a rural area, or that include a rural rotation, begun after June 30, 2010, which consists of at least eight weeks of training experience in a hospital located in a rural area or in a clinic that is staffed by physicians who admit patients to a hospital located in a rural area. The positions are funded with revenue from the critical access hospital assessment.

The bill directs the board annually to submit a plan for increasing the number of physician residency programs that include a majority of training experience in a rural area to the Rural Wisconsin Health Cooperative, the Wisconsin Hospital Association, and the Wisconsin Medical Society. The board must also annually submit to the Joint Committee on Finance a report indicating the number of physician residency positions that include a majority of training experience in a rural area of this state, and information about each such residency position.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert  
2           the following amounts for the purposes indicated:

# BILL

**20.285 University of Wisconsin System**

(1) UNIVERSITY EDUCATION RESEARCH AND PUBLIC

## SERVICE

(qe) Rural physician residency assis-

tance program

SEG B

-0- 750,000

(qj) Physician and dentist and health

care provider loan assistance

programs; critical access hospital

assessment fund

SEG B

-0- 250,000

**SECTION 2.** 20.285 (1) (qe) of the statutes is created to read:

20.285 (1) (qe) *Rural physician residency assistance program.* Biennially, from the critical access hospital assessment fund, the amounts in the schedule to establish and support physician residency positions under s. 36.63.

**SECTION 3.** 20.285 (1) (qi) of the statutes is created to read:

20.285 (1) (qj) *Physician and dentist and health care provider loan assistance programs; critical access hospital assessment fund.* Biennially, from the critical access hospital assessment fund, the amounts in the schedule for loan repayments under ss. 36.60 and 36.61.

**SECTION 4.** 20.435 (4) (w) of the statutes, as affected by 2009 Act Wisconsin 2,  
is amended to read:

20.435 (4) (w) *Medical Assistance trust fund.* From the Medical Assistance trust fund, biennially, the amounts in the schedule for meeting costs of medical assistance administered under ss. 46.27, 46.275 (5), 46.278 (6), 46.283 (5), 46.284 (5), 49.45, and 49.472 (6), for refunds under s. 50.38 (6) (a) and (6m) (a), and for

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1 administrative costs associated with augmenting the amount of federal moneys  
2 received under 42 CFR 433.51.

3 **SECTION 5.** 20.435 (4) (xe) of the statutes is created to read:

4 20.435 (4) (xe) *Critical access hospital assessment fund; hospital payments.*

5 From the critical access hospital assessment fund, all moneys received from the  
6 assessment under s. 50.38 (2) (b), except moneys appropriated under s. 20.285 (1) (qe)  
7 and (qj), to make payments to critical access hospitals required under s. 49.45 (3) (e)  
8 12. for services provided under the Medical Assistance Program under subch. IV of  
9 ch. 49; to make refunds under s. 50.38 (6m); and to make the transfer under s. 50.38  
10 (10).

11 **SECTION 6.** 25.17 (1) (cg) of the statutes is created to read:

12 25.17 (1) (cg) Critical access hospital assessment fund (s. 25.774);

13 **SECTION 7.** 25.77 (11) of the statutes, as created by 2009 Wisconsin Act 2, is  
14 amended to read:

15 25.77 (11) All moneys transferred under s. 50.38 (8) and (10).

16 **SECTION 8.** 25.77 (12) of the statutes, as created by 2009 Wisconsin Act 2, is  
17 amended to read:

18 25.77 (12) All moneys recouped and deposited under s. 50.38 (6) (a) 4. and (6m)  
19 (a) 4.

20 **SECTION 9.** 25.772 of the statutes, as created by 2009 Wisconsin Act 2, is  
21 amended to read:

22 **25.772 Hospital assessment fund.** There is established a separate  
23 nonlapsible trust fund designated as the hospital assessment fund, to consist of all  
24 moneys received under s. 50.38 (2) (a) from assessments on hospitals other than

**BILL****SECTION 9**

1 critical access hospitals and all moneys recouped and deposited under s. 50.38 (6) (a)  
2 3.

3 **SECTION 10.** 25.774 of the statutes is created to read:

4 **25.774 Critical access hospital assessment fund.** (1) There is established  
5 a separate nonlapsible trust fund designated as the critical access hospital  
6 assessment fund, to consist of all moneys received under s. 50.38 (2) (b) from  
7 assessments on critical access hospitals and all moneys recouped and deposited  
8 under s. 50.38 (6m) (a) 3.

9 **SECTION 11.** 36.60 (1) (d) of the statutes is created to read:

10 36.60 (1) (d) "Rural area" has the meaning given in s. 36.63 (1) (b).

11 **SECTION 12.** 36.60 (2) (a) of the statutes, as affected by 2009 Wisconsin Act 28,  
12 is renumbered 36.60 (2) (a) 1. and amended to read:

13 36.60 (2) (a) 1. The Except as provided in subd. 2., the board may repay, on  
14 behalf of a physician or dentist, up to \$50,000 in educational loans obtained by the  
15 physician or dentist from a public or private lending institution for education in an  
16 accredited school of medicine or dentistry or for postgraduate medical or dental  
17 training.

18 **SECTION 13.** 36.60 (2) (a) 2. of the statutes is created to read:

19 36.60 (2) (a) 2. The board may repay, on behalf of a physician who agrees under  
20 sub. (3) to practice in a rural area, up to \$100,000 in educational loans obtained by  
21 the physician from a public or private lending institution for education in an  
22 accredited school of medicine or for postgraduate medical training.

23 **SECTION 14.** 36.60 (3) of the statutes, as affected by 2009 Wisconsin Act 28, is  
24 amended to read:

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1           36.60 (3) AGREEMENT. (a) The board shall enter into a written agreement with  
2           the physician, in which the physician agrees to practice at least 32 clinic hours per  
3           week for 3 years in one or more eligible practice areas in this state or in a rural area,  
4           except that a physician specializing in psychiatry may only agree to practice  
5           psychiatry in a mental health shortage area or in a rural area and a physician in the  
6           expanded loan assistance program under sub. (9) may only agree to practice at a  
7           public or private nonprofit entity in a health professional shortage area. The  
8           physician shall also agree to care for patients who are insured or for whom health  
9           benefits are payable under medicare, medical assistance, or any other governmental  
10          program.

11          (am) The board shall enter into a written agreement with the dentist, in which  
12          the dentist agrees to practice at least 32 clinic hours per week for 3 years in one or  
13          more dental health shortage areas in this state or in a rural area. The dentist shall  
14          also agree to care for patients who are insured or for whom dental health benefits are  
15          payable under medicare, medical assistance, or any other governmental program.

16          (b) The agreement shall specify that the responsibility of the board to make the  
17          payments under the agreement is subject to the availability of funds in the  
18          appropriations under s. 20.285 (1) (jc) ~~and, (ks), and (qj)~~.

19          **SECTION 15.** 36.60 (4) (intro.) of the statutes, as affected by 2009 Wisconsin Act  
20          28, is amended to read:

21          36.60 (4) LOAN REPAYMENT. (intro.) ~~Principal~~ Except as provided in sub. (4m),  
22          principal and interest due on loans, exclusive of any penalties, may be repaid by the  
23          board at the following rate:

24          **SECTION 16.** 36.60 (4m) of the statutes is created to read:

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1           36.60 (4m) LOAN REPAYMENT; RURAL PHYSICIANS. If a physician agrees under sub.  
2           (3) to practice in a rural area, principal and interest due on the loan, exclusive of any  
3           penalties, may be repaid by the board at the following rate:

4           (a) Up to 40<sup>percent</sup>% of the principal of the loan or \$40,000, whichever is less, during  
5           the first year of participation in the program under this section.

6           (b) Up to an additional 40<sup>percent (use 2x)</sup>% of the principal of the loan or \$40,000, whichever  
7           is less, during the 2nd year of participation in the program under this section.

8           (c) Up to an additional 20% of the principal of the loan or \$20,000, whichever  
9           is less, during the 3rd year of participation in the program under this section.

10          **SECTION 17.** 36.60 (5) (a) of the statutes, as affected by 2009 Wisconsin Act 28,  
11          is amended to read:

12          36.60 (5) (a) The obligation of the board to make payments under an agreement  
13          entered into under sub. (3) (b) is subject to the availability of funds in the  
14          appropriations under s. 20.285 (1) (jc) and, (ks), and (qj).

15          **SECTION 18.** 36.60 (5) (b) (intro.) of the statutes, as affected by 2009 Wisconsin  
16          Act 28, is amended to read:

17          36.60 (5) (b) (intro.) If the cost of repaying the loans of all eligible applicants,  
18          when added to the cost of loan repayments scheduled under existing agreements,  
19          exceeds the total amount in the appropriations under s. 20.285 (1) (jc) and, (ks), and  
20          (qj), the board shall establish priorities among the eligible applicants based upon the  
21          following considerations:

22          **SECTION 19.** 36.60 (5) (b) 1. of the statutes, as affected by 2009 Wisconsin Act  
23          28, is amended to read:

24          36.60 (5) (b) 1. The degree to which there is an extremely high need for medical  
25          care in the eligible practice area ~~or~~, health professional shortage area, or rural area

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1 in which a physician desires to practice and the degree to which there is an extremely  
2 high need for dental care in the dental health shortage area or rural area in which  
3 a dentist desires to practice.

4 **SECTION 20.** 36.60 (5) (b) 2. of the statutes, as affected by 2009 Wisconsin Act  
5 28, is amended to read:

6 36.60 (5) (b) 2. The likelihood that a physician will remain in the eligible  
7 practice area ~~or~~, health professional shortage area, or rural area, and that a dentist  
8 will remain in the dental health shortage area or rural area, in which he or she  
9 desires to practice after the loan repayment period.

10 **SECTION 21.** 36.60 (5) (b) 3. of the statutes, as affected by 2009 Wisconsin Act  
11 28, is amended to read:

12 36.60 (5) (b) 3. The per capita income of the eligible practice area ~~or~~, health  
13 professional shortage area, or rural area in which a physician desires to practice and  
14 of the dental health shortage area or rural area in which a dentist desires to practice.

15 **SECTION 22.** 36.60 (5) (b) 4. of the statutes, as affected by 2009 Wisconsin Act  
16 28, is amended to read:

17 36.60 (5) (b) 4. The financial or other support for physician recruitment and  
18 retention provided by individuals, organizations, or local governments in the eligible  
19 practice area ~~or~~, health professional shortage area, or rural area in which a physician  
20 desires to practice and for dentist recruitment and retention provided by individuals,  
21 organizations, or local governments in the dental health shortage area or rural area  
22 in which a dentist desires to practice.

23 **SECTION 23.** 36.60 (5) (b) 5. of the statutes, as affected by 2009 Wisconsin Act  
24 28, is amended to read:

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1           36.60 (5) (b) 5. The geographic distribution of the physicians and dentists who  
2           have entered into loan repayment agreements under this section and the geographic  
3           distribution of the eligible practice areas, health professional shortage areas, and  
4           dental health shortage areas, and rural areas in which the eligible applicants desire  
5           to practice.

6           **SECTION 24.** 36.60 (8) (b) of the statutes, as affected by 2009 Wisconsin Act 28,  
7           is amended to read:

8           36.60 (8) (b) Identify eligible practice areas and rural areas with an extremely  
9           high need for medical care and dental health shortage areas and rural areas with an  
10          extremely high need for dental care.

11          **SECTION 25.** 36.60 (8) (h) of the statutes is created to read:

12          36.60 (8) (h) Notwithstanding subs. (3) (b) and (5) (a) and (b), ensure that  
13          moneys appropriated under s. 20.285 (1) (qj) are used under this section only to repay  
14          loans on behalf of physicians and dentists who agree to practice in a rural area.

15          **SECTION 26.** 36.61 (1) (e) of the statutes is created to read:

16          36.61 (1) (e) "Rural area" has the meaning given in s. 36.63 (1) (b).

17          **SECTION 27.** 36.61 (3) of the statutes, as affected by 2009 Wisconsin Act 28, is  
18          amended to read:

19          36.61 (3) AGREEMENT. (a) The board shall enter into a written agreement with  
20          the health care provider. In the agreement, the health care provider shall agree to  
21          practice at least 32 clinic hours per week for 3 years in one or more eligible practice  
22          areas in this state or in a rural area, except that a health care provider in the  
23          expanded loan assistance program under sub. (8) who is not a dental hygienist may  
24          only agree to practice at a public or private nonprofit entity in a health professional  
25          shortage area.

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1 (b) The agreement shall specify that the responsibility of the board to make the  
2 payments under the agreement is subject to the availability of funds in the  
3 appropriations under s. 20.285 (1) (jc) ~~and, (ks), and (qj).~~

4 **SECTION 28.** 36.61 (5) (a) of the statutes, as affected by 2009 Wisconsin Act 28,  
5 is amended to read:

6 36.61 (5) (a) The obligation of the board to make payments under an agreement  
7 entered into under sub. (3) is subject to the availability of funds in the appropriations  
8 under s. 20.285 (1) (jc) ~~and, (ks), and (qj).~~

9 **SECTION 29.** 36.61 (5) (b) (intro.) of the statutes, as affected by 2009 Wisconsin  
10 Act 28, is amended to read:

11 36.61 (5) (b) (intro.) If the cost of repaying the loans of all eligible applicants,  
12 when added to the cost of loan repayments scheduled under existing agreements,  
13 exceeds the total amount in the appropriations under s. 20.285 (1) (jc) ~~and, (ks), and~~  
14 ~~(qj)~~, the board shall establish priorities among the eligible applicants based upon the  
15 following considerations:

16 **SECTION 30.** 36.61 (5) (b) 1. of the statutes, as affected by 2009 Wisconsin Act  
17 28, is amended to read:

18 36.61 (5) (b) 1. The degree to which there is an extremely high need for medical  
19 care in the eligible practice area ~~or, health professional shortage area, or rural area~~  
20 in which an eligible applicant who is not a dental hygienist desires to practice and  
21 the degree to which there is an extremely high need for dental care in the dental  
22 health shortage area or rural area in which an eligible applicant who is a dental  
23 hygienist desires to practice.

24 **SECTION 31.** 36.61 (5) (b) 2. of the statutes, as affected by 2009 Wisconsin Act  
25 28, is amended to read:

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1           36.61 (5) (b) 2. The likelihood that an eligible applicant will remain in the  
2           eligible practice area ~~or~~, health professional shortage area, or rural area in which he  
3           or she desires to practice after the loan repayment period.

4           **SECTION 32.** 36.61 (5) (b) 3. of the statutes, as affected by 2009 Wisconsin Act  
5           28, is amended to read:

6           36.61 (5) (b) 3. The per capita income of the eligible practice area ~~or~~, health  
7           professional shortage area, or rural area in which an eligible applicant desires to  
8           practice.

9           **SECTION 33.** 36.61 (5) (b) 4. of the statutes, as affected by 2009 Wisconsin Act  
10          28, is amended to read:

11          36.61 (5) (b) 4. The financial or other support for health care provider  
12          recruitment and retention provided by individuals, organizations or local  
13          governments in the eligible practice area ~~or~~, health professional shortage area, or  
14          rural area in which an eligible applicant desires to practice.

15          **SECTION 34.** 36.61 (5) (b) 5. of the statutes, as affected by 2009 Wisconsin Act  
16          28, is amended to read:

17          36.61 (5) (b) 5. The geographic distribution of the health care providers who  
18          have entered into loan repayment agreements under this section and the geographic  
19          location of the eligible practice area ~~or~~, health professional shortage area, or rural  
20          area in which an eligible applicant desires to practice.

21          **SECTION 35.** 36.61 (7) (e) of the statutes is created to read:

22          36.61 (7) (e) Notwithstanding subs. (3) (b) and (5) (a) and (b), ensure that  
23          moneys appropriated under s. 20.285 (1) (qj) are used under this section only to repay  
24          loans on behalf of health care providers who agree to practice in a rural area.

25          **SECTION 36.** 36.63 of the statutes is created to read:

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**36.63 Rural physician residency assistance program.** (1) In this section:

(a) "Physician" means a physician, as defined in s. 448.01 (5), who specializes in family practice, general surgery, internal medicine, obstetrics, pediatrics or psychiatry.

(b) "Rural area" means any of the following:

1. A city, town, or village in this state that has a population of less than 20,000 and that is at least 15 miles from any city, town, or village that has a population of at least 20,000.

2. An area in this state that is not an urbanized area, as defined by the federal bureau of the census.

(2) (a) The board shall establish and support physician residency positions to which one of the following applies:

1. The residency position is in a hospital that is located in a rural area or in a clinic staffed by physicians who admit patients to a hospital located in a rural area.

2. The residency position includes a rural rotation, begun after June 30, 2010, which consists of at least 8 weeks of training experience in a hospital that is located in a rural area or in a clinic staffed by physicians who admit patients to a hospital located in a rural area.

(b) In establishing and supporting residency positions under par. (a), the board shall give preference to residency programs that actively recruit graduates of the University of Wisconsin School of Medicine and Public Health and the Medical College of Wisconsin.

(3) Annually by December 1, the board shall submit a plan for increasing the number of physician residency programs that include a majority of training experience in a rural area to the Rural Wisconsin Health Cooperative, the Wisconsin

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1 Hospital Association, and the Wisconsin Medical Society. The plan shall include a  
2 detailed proposed budget for expending the moneys appropriated to the board under  
3 s. 20.285 (1) (qe) and demonstrate that the moneys do not supplant existing funding.  
4 The board shall consider comments made by the organizations in formulating its  
5 final budget.

6 (4) Annually by December 1, the board shall submit to the joint committee on  
7 finance a report that includes all of the following:

8 (a) The number of physician residency positions that existed in the 2009-10  
9 fiscal year, and in each fiscal year beginning after the effective date of this paragraph  
10 .... [LRB inserts date], that included a majority of training experience in a rural area.

11 (b) 1. The number of such physician residency positions funded in whole or in  
12 part under this section in the previous fiscal year.

13 2. The eligibility criteria met by each such residency position and the hospital  
14 or clinic with which the position is affiliated.

15 3. The medical school attended by the physician filling each such residency  
16 position.

17 4. The year the Accreditation Council for Graduate Medical Education certified  
18 the residency position.

19 5. The reason the residency position had not been funded.

20 **SECTION 37.** 49.45 (3) (e) 11. of the statutes, as created by 2009 Wisconsin Act  
21 2, is amended to read:

22 49.45 (3) (e) 11. The department shall use a portion of the moneys collected  
23 under s. 50.38 (2) (a) to pay for services provided by eligible hospitals, as defined in  
24 s. 50.38 (1), other than critical access hospitals, under the Medical Assistance  
25 Program under this subchapter, including services reimbursed on a fee-for-service

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1 basis and services provided under a managed care system. For state fiscal year  
2 2008-09, total payments required under this subdivision, including both the federal  
3 and state share of Medical Assistance, shall equal the amount collected under s.  
4 50.38 (2) (a) for fiscal year 2008-09 divided by 57.75 percent. For each state fiscal  
5 year after state fiscal year 2008-09, total payments required under this subdivision,  
6 including both the federal and state share of Medical Assistance, shall equal the  
7 amount collected under s. 50.38 (2) (a) for the fiscal year divided by 61.68 percent.

8 **SECTION 38.** 49.45 (3) (e) 12. of the statutes is created to read:

9 49.45 (3) (e) 12. The department shall use a portion of the moneys collected  
10 under s. 50.38 (2) (b) to pay for services provided by critical access hospitals under  
11 the Medical Assistance Program under this subchapter, including services  
12 reimbursed on a fee-for-service basis and services provided under a managed care  
13 system. For each state fiscal year, total payments required under this subdivision,  
14 including both the federal and state share of Medical Assistance, shall equal the  
15 amount collected under s. 50.38 (2) (b) for the fiscal year divided by 61.68 percent.

16 **SECTION 39.** 49.45 (59) (a) of the statutes, as created by 2009 Wisconsin Act 2,  
17 is amended to read:

18 49.45 (59) (a) The department shall, from the appropriation ~~account~~ accounts  
19 under s. 20.435 (4) (xc) and (xe), pay each health maintenance organization with  
20 which it contracts to provide medical assistance a monthly amount that the health  
21 maintenance organization shall use to make payments to hospitals under par. (b).

22 **SECTION 40.** 50.38 (1) (a) of the statutes, as created by 2009 Wisconsin Act 2,  
23 is repealed.

24 **SECTION 41.** 50.38 (2) of the statutes, as created by 2009 Wisconsin Act 2, is  
25 renumbered 50.38 (2) (a) and amended to read:

**BILL****SECTION 41**

1           50.38 (2) (a) For the privilege of doing business in this state, there is imposed  
2           on each eligible hospital that is not a critical access hospital an assessment each state  
3           fiscal year that is equal to a uniform percentage, determined under sub. (3), of the  
4           hospital's gross patient revenues, as reported under s. 153.46 (5) and determined by  
5           the department. The assessments shall be deposited in the hospital assessment  
6           fund.

7           **SECTION 42.** 50.38 (2) (b) of the statutes is created to read:

8           50.38 (2) (b) Except as provided in sub. (11), for the privilege of doing business  
9           in this state, there is imposed on each critical access hospital an assessment each  
10          state fiscal year that is equal to a uniform percentage, determined under sub. (3), of  
11          the critical access hospital's gross inpatient revenues, as reported under s. 153.46 (5)  
12          and determined by the department. The assessments shall be deposited in the  
13          critical access hospital assessment fund.

14          **SECTION 43.** 50.38 (3) of the statutes, as created by 2009 Wisconsin Act 2, is  
15          amended to read:

16          50.38 (3) The department shall establish the percentage that is applicable  
17          under sub. (2) (a) and (b) so that the total amount of assessments collected under ~~this~~  
18          ~~section~~ sub. (2) (a) in a state fiscal year is equal to the amount in the schedule under  
19          s. 20.005 (3) for the appropriation under s. 20.435 (4) (xc) for that fiscal year.

20          **SECTION 44.** 50.38 (4) of the statutes, as created by 2009 Wisconsin Act 2, is  
21          amended to read:

22          50.38 (4) Except as provided in sub. (5), each eligible hospital shall pay the  
23          applicable annual assessment under sub. (2) in 4 equal amounts that are due by  
24          September 30, December 31, March 31, and June 30 of each year.

**BILL**

1           **SECTION 45.** 50.38 (6) (a) 1. of the statutes, as created by 2009 Wisconsin Act  
2       2, is amended to read:

3           50.38 (6) (a) 1. If the federal government does not provide federal financial  
4       participation under the federal Medicaid program for amounts collected under ~~this~~  
5       ~~section sub. (2) (a)~~ that are used to make payments required under s. 49.45 (3) (e) 11.  
6       or (5r), that are transferred under sub. (8) and used to make payments from the  
7       Medical Assistance trust fund, or that are transferred under sub. (9) and expended  
8       under ~~under~~ s. 20.435 (4) (jw), the department shall, from the fund from which the  
9       payment or expenditure was made, refund eligible hospitals, other than critical  
10      access hospitals, the amount for which the federal government does not provide  
11      federal financial participation.

12          **SECTION 46.** 50.38 (6) (a) 2. of the statutes, as created by 2009 Wisconsin Act  
13      2, is amended to read:

14          50.38 (6) (a) 2. If the department makes a refund under subd. 1. as result of  
15      failure to obtain federal financial participation under the federal Medicaid program  
16      for a payment required under s. 49.45 (3) (e) 11. or (5r) or a payment from the Medical  
17      Assistance trust fund, the department shall recoup the part of the payment for which  
18      the federal government does not provide federal financial participation.

19          **SECTION 47.** 50.38 (6) (b) of the statutes, as created by 2009 Wisconsin Act 2,  
20      is amended to read:

21          50.38 (6) (b) On June 30 of each state fiscal year, the department shall, from  
22      the appropriation account under s. 20.435 (4) (xc), refund to eligible hospitals, other  
23      than critical access hospitals, the difference between the amount in the schedule  
24      under s. 20.005 (3) for that appropriation and the amount expended or encumbered  
25      from that appropriation in the fiscal year.

**BILL****SECTION 48**

1       **SECTION 48.** 50.38 (6) (c) of the statutes, as created by 2009 Wisconsin Act 2,  
2       is amended to read:

3       50.38 **(6)** (c) The department shall allocate any refund under this subsection  
4       to eligible hospitals, other than critical access hospitals, in proportion to the  
5       percentage of the total assessments collected under sub. (2) (a) that each hospital  
6       paid.

7       **SECTION 49.** 50.38 (6m) of the statutes is created to read:

8       50.38 **(6m)** (a) 1. If the federal government does not provide federal financial  
9       participation under the federal Medicaid program for amounts collected under sub.  
10      (2) (b) that are used to make payments required under s. 49.45 (3) (e) 12. or that are  
11      transferred under sub. (10) and used to make payments from the Medical Assistance  
12      trust fund, the department shall, from the fund from which the payment or  
13      expenditure was made, refund critical access hospitals the amount for which the  
14      federal government does not provide federal financial participation.

15      2. If the department makes a refund under subd. 1. as result of failure to obtain  
16      federal financial participation under the federal Medicaid program for a payment  
17      required under s. 49.45 (3) (e) 12. or a payment from the Medical Assistance trust  
18      fund, the department shall recoup the part of the payment for which the federal  
19      government does not provide federal financial participation.

20      3. Moneys recouped under subd. 2. for payments made from the critical access  
21      hospital assessment fund shall be deposited in the critical access hospital  
22      assessment fund.

23      4. Moneys recouped under subd. 2. for payments made from the Medical  
24      Assistance trust fund shall be deposited in the Medical Assistance trust fund.

**BILL**

1 (b) On June 30 of each state fiscal year, the department shall, from the  
2 appropriation account under s. 20.435 (4) (xe), refund to critical access hospitals any  
3 unencumbered moneys in the critical access hospital assessment fund.

4 (c) The department shall allocate any refund under this subsection to critical  
5 access hospitals in proportion to the percentage of the total assessments collected  
6 under sub. (2) (b) that each critical access hospital paid.

7 **SECTION 50.** 50.38 (7) (d) of the statutes, as created by 2009 Wisconsin Act 2,  
8 is amended to read:

9 50.38 (7) (d) The total amount of payment increases the department made, in  
10 connection with implementation of the hospital ~~assessment~~ assessments under sub.  
11 (2), for inpatient and outpatient hospital services that are reimbursed on a  
12 fee-for-service basis.

13 **SECTION 51.** 50.38 (8) of the statutes is amended to read:

14 50.38 (8) In each state fiscal year, the secretary of administration shall transfer  
15 from the hospital assessment fund to the Medical Assistance trust fund an amount  
16 equal to the amount in the schedule under s. 20.005 (3) for the appropriation under  
17 s. 20.435 (4) (xc) for that fiscal year minus the state share of payments to hospitals  
18 required under s. 49.45 (3) (e) 11., and minus any refunds paid to hospitals from the  
19 hospital assessment fund under sub. (6) (a) in that fiscal year.

20 **SECTION 52.** 50.38 (10) of the statutes is created to read:

21 50.38 (10) In each state fiscal year, the secretary of administration shall  
22 transfer from the critical access hospital assessment fund to the Medical Assistance  
23 trust fund an amount equal to the amount collected under sub. (2) (b) minus the state  
24 share of the amount required to be expended under s. 49.45 (3) (e) 12., minus the  
25 amounts appropriated under s. 20.285 (1) (qe) and (qj), and minus any refunds paid

**BILL****SECTION 52**

1 to critical access hospitals from the critical access hospital assessment fund under  
2 sub. (6m) (a) in that fiscal year.

**SECTION 53. Nonstatutory provisions.**

4 (1) STATE PLAN AMENDMENT. The department of health services shall submit a  
5 state medicaid plan amendment to the secretary of the federal department of health  
6 and human services that provides for the critical access hospital assessment under  
7 section 50.38 (2) (b) of the statutes, as created by this act, and expenditure of revenue  
8 from the critical access hospital assessment as provided in this act. If the secretary  
9 of the federal department of health and human services disapproves the state  
10 medicaid plan amendment, the department of health services shall refund to critical  
11 access hospitals all of the moneys collected from the critical access hospital  
12 assessment in the fiscal biennium in which this subsection takes effect and stop  
13 collecting moneys under the critical access hospital assessment.

14 (2) BUDGETING PRACTICES. This act does not affect any requirements under  
15 section 16.46 of the statutes. The departments of administration and health services  
16 shall review, reestimate, and request general purpose revenue for payments to  
17 critical access hospitals under the Medical Assistance Program under subchapter IV  
18 of chapter 49 of the statutes as needed.

**SECTION 54. Fiscal changes.**

20 (1) MEDICAL ASSISTANCE TRUST FUND. In the schedule under section 20.005 (3)  
21 of the statutes for the appropriation to the department of health services under  
22 section 20.435 (4) (w) of the statutes, as affected by the acts of 2009, the dollar amount  
23 is increased by \$2,700,000 for the second fiscal year of the fiscal biennium in which  
24 this subsection takes effect for the purposes for which the appropriation is made.

**SECTION 55. Initial applicability.**

25  
\$ 3,680,500

## BILL

1           (1) The treatment of section 49.45 (3) (e) 12. of the statutes first applies to  
2           services provided by critical access hospitals on July 1, 2010.

**3 SECTION 56. Effective date.**

4 (1) This act takes effect on July 1, 2010.

5 (END)

D-note

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-4007/2dn

RLR:4:....

nwn

Date

Senator Miller:

This redraft changes the amount by which the MA trust fund appropriation is increased.

Robin Ryan  
Legislative Attorney  
Phone: (608) 261-6927  
E-mail: robin.ryan@legis.wisconsin.gov

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-4007/2dn  
RLR:nwn:jf

February 8, 2010

Senator Miller:

This redraft changes the amount by which the MA trust fund appropriation is increased.

Robin Ryan  
Legislative Attorney  
Phone: (608) 261-6927  
E-mail: robin.ryan@legis.wisconsin.gov

**Ryan, Robin**

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**From:** Kuhn, Jamie  
**Sent:** Thursday, February 11, 2010 12:11 PM  
**To:** Ryan, Robin  
**Subject:** FW: CAH bill draft changes  
**Attachments:** CAH HA slash1 comments2.doc

A couple of clean up items...let me know.

**Jamie S. Kuhn**

*Office of State Senator Mark Miller  
State Capitol  
PO Box 7882  
Madison, WI 53707-7882  
608-266-9170*

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**From:** Leitch, Laura [mailto:LLeitch@wha.org]  
**Sent:** Thursday, February 11, 2010 10:19 AM  
**To:** Kuhn, Jamie  
**Cc:** Borgerding, Eric  
**Subject:** RE: CAH bill draft changes

- ✓ 1. Yes, bullet point 2 would define the department – the UW medical school's Department of Family Medicine. And in bullet point 3, the references to the board would be changed to the department. I asked Peter Grant about it and he said that those were the changes needed to get the money to right place within the UW (family medicine).
- ✓ 2. It's a question for Robin. The reference to sub. (11) needs to be deleted because Robin moved the sub. (11) language into the nonstatutory section (so sub. (11) doesn't exist anymore). I think the new nonstatutory language needs to be referenced, but I'm not sure if nonstatutory language can be referenced in the statutes. I'm hoping Robin has a good idea for that.

Thanks, Jamie!

Laura

---

**From:** Kuhn, Jamie [mailto:Jamie.Kuhn@legis.wisconsin.gov]  
**Sent:** Thursday, February 11, 2010 10:06 AM  
**To:** Leitch, Laura  
**Cc:** Borgerding, Eric  
**Subject:** RE: CAH bill draft changes

Is the department redefined then to mean what you want it to mean?

Is #3 a question for Robin or do you just want it deleted?

02/11/2010

**Jamie S. Kuhn**

*Office of State Senator Mark Miller*

*State Capitol*

*PO Box 7882*

*Madison, WI 53707-7882*

*608-266-9170*

---

**From:** Leitch, Laura [mailto:LLeitch@wha.org]

**Sent:** Thursday, February 11, 2010 9:48 AM

**To:** Kuhn, Jamie

**Cc:** Borgerding, Eric

**Subject:** CAH bill draft changes

Jamie,

Sorry for the delay, but here are the few changes to the /1 version of the CAH assessment draft. We've discussed with DHS and they agree with these changes.

Thanks,

Laura

Laura Leitch

Senior Vice President and

General Counsel

Wisconsin Hospital Association

608-268-1823 (direct)

608-274-1820 (receptionist)

Comments on LRB 4007/1dn:

- ✓● Drafter's note: The correct amount for the appropriation increase under s. 20.435(4)(w) (see Section 54) is \$3.6 million.
- ✓● Page 4, line 12. After "the amounts in the schedule" insert "to the University of Wisconsin School of Medicine and Public Health Department of Family Medicine".  
With this change, the Department of Family Medicine would receive the \$750,000 for the rural residency position program.
- ✓● Page 13, section 36. Throughout section 36, replace "the board" with "the department" reflecting that the Department of Family Medicine would receive the money and would be responsible for establishing the program.
- ✓● Page 16, line 8. Because sub. (11) has been deleted, should the reference be to the nonstatutory language?



State of Wisconsin  
2009 - 2010 LEGISLATURE

3  
LRB-4007/2  
RLR&PG:nwn:jf

Monday

RMR

2009 BILL

SA✓

Regen

1 AN ACT *to repeal* 50.38 (1) (a); *to renumber and amend* 36.60 (2) (a) and 50.38  
2 (2); *to amend* 20.435 (4) (w), 25.77 (11), 25.77 (12), 25.772, 36.60 (3), 36.60 (4)  
3 (intro.), 36.60 (5) (a), 36.60 (5) (b) (intro.), 36.60 (5) (b) 1., 36.60 (5) (b) 2., 36.60  
4 (5) (b) 3., 36.60 (5) (b) 4., 36.60 (5) (b) 5., 36.60 (8) (b), 36.61 (3), 36.61 (5) (a),  
5 36.61 (5) (b) (intro.), 36.61 (5) (b) 1., 36.61 (5) (b) 2., 36.61 (5) (b) 3., 36.61 (5) (b)  
6 4., 36.61 (5) (b) 5., 49.45 (3) (e) 11., 49.45 (59) (a), 50.38 (3), 50.38 (4), 50.38 (6)  
7 (a) 1., 50.38 (6) (a) 2., 50.38 (6) (b), 50.38 (6) (c), 50.38 (7) (d) and 50.38 (8); and  
8 *to create* 20.285 (1) (qe), 20.285 (1) (qj), 20.435 (4) (xe), 25.17 (1) (cg), 25.774,  
9 36.60 (1) (d), 36.60 (2) (a) 2., 36.60 (4m), 36.60 (8) (h), 36.61 (1) (e), 36.61 (7) (e),  
10 36.63, 49.45 (3) (e) 12., 50.38 (2) (b), 50.38 (6m) and 50.38 (10) of the statutes;  
11 **relating to:** assessment on critical access hospitals; payments to critical access  
12 hospitals under the Medical Assistance Program; creating a rural physician

**BILL**

- 1           residency assistance program; the physician, dentist, and health care provider  
2           loan assistance programs; and making appropriations.
- 

***Analysis by the Legislative Reference Bureau******Hospital Assessments***

The state currently collects an assessment from hospitals based on their gross inpatient and outpatient revenues. The biennial budget act specifies the total amount of revenue to be collected from the assessment. The Department of Health Services (DHS) then sets the assessment rate, which is the same for all hospitals, at the percentage of gross patient revenue necessary to collect the total revenue amount specified in the biennial budget act. Critical access hospitals, psychiatric hospitals, and institutions for mental diseases are exempt from the assessment. A critical access hospital is, in general, a hospital that provides 24 hour a day emergency care, has 25 or fewer acute inpatient beds, and is located in a rural area in which there are no other hospitals.

Current law directs DHS to use a portion of the hospital assessment revenue to pay hospitals that are subject to the assessment for services provided under the Medical Assistance Program (MA). Like other provider payments under MA, the federal government pays a share of these MA payments to hospitals. Current law requires that the MA payments to hospitals from the assessment revenue, together with the federal share, equal the amount of the assessment revenue divided by 61.68 percent (i.e., 1.62 times the amount of assessment revenue). The remainder of the assessment revenue is appropriated for other MA expenditures.

This bill imposes an assessment on the gross inpatient revenues of critical access hospitals. The rate for the critical access hospital assessment is the same as the rate of the current hospital assessment. The bill requires that DHS use a portion of the critical access hospital assessment revenue to pay critical access hospitals for services provided under MA. Like the current hospital assessment, the bill requires that the MA payments to critical access hospitals from the critical access hospital assessment revenue, together with the federal share of payments, equal the amount of the critical access hospital assessment revenue divided by 61.68 percent. The bill annually appropriates \$1,000,000 of critical access hospital assessment revenue for health care provider loans and rural physician residency assistance, described below. The remainder of critical access hospital assessment revenue is appropriated for other MA expenditures.

The provisions in the bill for payment to critical access hospitals under MA apply to services provided beginning July 1, 2010. The first critical access hospital assessment payments are due by September 30, 2010. The bill requires DHS to submit a state Medicaid plan amendment to the federal government to implement the critical access hospital assessment as provided for in the bill, and specifies that if the federal government disapproves the state plan amendment, DHS must discontinue the assessment on critical access hospitals and refund any critical access hospital assessment revenue collected in fiscal year 2010-11.

**BILL*****Health care provider loan programs***

With certain exceptions, current law authorizes the Board of Regents of the University of Wisconsin System to repay, on behalf of certain physicians and dentists, up to \$50,000 in educational loans if the physician or dentist agrees to practice for three years in certain areas of this state. Similarly, the board may repay, on behalf of certain health care providers (a dental hygienist, physician assistant, nurse-midwife, or nurse-practitioner), up to \$25,000 in educational loans if the health care provider agrees to practice for three years in certain areas of this state.

This bill provides additional funds for these programs, from critical access hospital assessment revenues, for certain physicians, dentists, and health care providers who agree to practice in a rural area of this state. A rural area is a city, town, or village with a population of less than 20,000 that is at least 15 miles from any city, town, or village that has a population of at least 20,000, or an area that is not an urbanized area, as defined by the federal bureau of the census. The bill also increases the maximum amount of the loan repayment from \$50,000 to \$100,000 for a physician who agrees to practice in a rural area.

***Rural physician residency assistance program***

This bill directs the board to establish and support certain physician residency positions at hospitals located in a rural area or at clinics staffed by physicians who admit patients to a hospital located in a rural area, or that include a rural rotation, begun after June 30, 2010, which consists of at least eight weeks of training experience in a hospital located in a rural area or in a clinic that is staffed by physicians who admit patients to a hospital located in a rural area. The positions are funded with revenue from the critical access hospital assessment.

The bill directs the board annually to submit a plan for increasing the number of physician residency programs that include a majority of training experience in a rural area to the Rural Wisconsin Health Cooperative, the Wisconsin Hospital Association, and the Wisconsin Medical Society. The board must also annually submit to the Joint Committee on Finance a report indicating the number of physician residency positions that include a majority of training experience in a rural area of this state, and information about each such residency position.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

- 1           **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
- 2           the following amounts for the purposes indicated:

Department of  
Family Medicine  
in the University  
of Wisconsin  
School of  
Medicine and  
Public Health

department  
(USE 2x)

## BILL

## SECTION 1

2009-10      2010-11

**20.285 University of Wisconsin System**

(1) UNIVERSITY EDUCATION RESEARCH AND PUBLIC  
SERVICE

(qe) Rural physician residency assis-

tance program

SEG B

-0-

(qj) Physician and dentist and health

care provider loan assistance

programs; critical access hospital

assessment fund

SEG B

-0-

**SECTION 2.** 20.285 (1) (qe) of the statutes is created to read:

20.285 (1) (qe) *Rural physician residency assistance program.* Biennially, from the critical access hospital assessment fund, the amounts in the schedule to establish and support physician residency positions under s. 36.63.

**SECTION 3.** 20.285 (1) (qj) of the statutes is created to read:

20.285 (1) (qj) *Physician and dentist and health care provider loan assistance programs; critical access hospital assessment fund.* Biennially, from the critical access hospital assessment fund, the amounts in the schedule for loan repayments under ss. 36.60 and 36.61.

**SECTION 4.** 20.435 (4) (w) of the statutes, as affected by 2009 Act Wisconsin 2, is amended to read:

20.435 (4) (w) *Medical Assistance trust fund.* From the Medical Assistance trust fund, biennially, the amounts in the schedule for meeting costs of medical assistance administered under ss. 46.27, 46.275 (5), 46.278 (6), 46.283 (5), 46.284 (5),

Department of  
Family Medicine  
in the  
750,000

for the University of  
Wisconsin School of  
Medicine and  
Public  
Health  
250,000

**BILL**

1 49.45, and 49.472 (6), for refunds under s. 50.38 (6) (a) and (6m) (a), and for  
2 administrative costs associated with augmenting the amount of federal moneys  
3 received under 42 CFR 433.51.

4 **SECTION 5.** 20.435 (4) (xe) of the statutes is created to read:

5 20.435 (4) (xe) *Critical access hospital assessment fund; hospital payments.*

6 From the critical access hospital assessment fund, all moneys received from the  
7 assessment under s. 50.38 (2) (b), except moneys appropriated under s. 20.285 (1) (qe)  
8 and (qj), to make payments to critical access hospitals required under s. 49.45 (3) (e)  
9 12. for services provided under the Medical Assistance Program under subch. IV of  
10 ch. 49; to make refunds under s. 50.38 (6m); and to make the transfer under s. 50.38  
11 (10).

12 **SECTION 6.** 25.17 (1) (cg) of the statutes is created to read:

13 25.17 (1) (cg) Critical access hospital assessment fund (s. 25.774);

14 **SECTION 7.** 25.77 (11) of the statutes, as created by 2009 Wisconsin Act 2, is  
15 amended to read:

16 25.77 (11) All moneys transferred under s. 50.38 (8) and (10).

17 **SECTION 8.** 25.77 (12) of the statutes, as created by 2009 Wisconsin Act 2, is  
18 amended to read:

19 25.77 (12) All moneys recouped and deposited under s. 50.38 (6) (a) 4. and (6m)  
20 (a) 4.

21 **SECTION 9.** 25.772 of the statutes, as created by 2009 Wisconsin Act 2, is  
22 amended to read:

23 **25.772 Hospital assessment fund.** There is established a separate  
24 nonlapsible trust fund designated as the hospital assessment fund, to consist of all  
25 moneys received under s. 50.38 (2) (a) from assessments on hospitals other than

**BILL****SECTION 9**

1 critical access hospitals and all moneys recouped and deposited under s. 50.38 (6) (a)

2 3.

3 **SECTION 10.** 25.774 of the statutes is created to read:

4 **25.774 Critical access hospital assessment fund.** (1) There is established  
5 a separate nonlapsible trust fund designated as the critical access hospital  
6 assessment fund, to consist of all moneys received under s. 50.38 (2) (b) from  
7 assessments on critical access hospitals and all moneys recouped and deposited  
8 under s. 50.38 (6m) (a) 3.

9 **SECTION 11.** 36.60 (1) (d) of the statutes is created to read:

10 36.60 (1) (d) "Rural area" has the meaning given in s. 36.63 (1) (b).

11 **SECTION 12.** 36.60 (2) (a) of the statutes, as affected by 2009 Wisconsin Act 28,  
12 is renumbered 36.60 (2) (a) 1. and amended to read:

13 36.60 (2) (a) 1. The Except as provided in subd. 2., the board may repay, on  
14 behalf of a physician or dentist, up to \$50,000 in educational loans obtained by the  
15 physician or dentist from a public or private lending institution for education in an  
16 accredited school of medicine or dentistry or for postgraduate medical or dental  
17 training.

18 **SECTION 13.** 36.60 (2) (a) 2. of the statutes is created to read:

19 36.60 (2) (a) 2. The board may repay, on behalf of a physician who agrees under  
20 sub. (3) to practice in a rural area, up to \$100,000 in educational loans obtained by  
21 the physician from a public or private lending institution for education in an  
22 accredited school of medicine or for postgraduate medical training.

23 **SECTION 14.** 36.60 (3) of the statutes, as affected by 2009 Wisconsin Act 28, is  
24 amended to read:

**BILL**

1           36.60 (3) AGREEMENT. (a) The board shall enter into a written agreement with  
2           the physician, in which the physician agrees to practice at least 32 clinic hours per  
3           week for 3 years in one or more eligible practice areas in this state or in a rural area,  
4           except that a physician specializing in psychiatry may only agree to practice  
5           psychiatry in a mental health shortage area or in a rural area and a physician in the  
6           expanded loan assistance program under sub. (9) may only agree to practice at a  
7           public or private nonprofit entity in a health professional shortage area. The  
8           physician shall also agree to care for patients who are insured or for whom health  
9           benefits are payable under medicare, medical assistance, or any other governmental  
10          program.

11          (am) The board shall enter into a written agreement with the dentist, in which  
12          the dentist agrees to practice at least 32 clinic hours per week for 3 years in one or  
13          more dental health shortage areas in this state or in a rural area. The dentist shall  
14          also agree to care for patients who are insured or for whom dental health benefits are  
15          payable under medicare, medical assistance, or any other governmental program.

16          (b) The agreement shall specify that the responsibility of the board to make the  
17          payments under the agreement is subject to the availability of funds in the  
18          appropriations under s. 20.285 (1) (jc) ~~and~~, (ks), and (qj).

19          **SECTION 15.** 36.60 (4) (intro.) of the statutes, as affected by 2009 Wisconsin Act  
20          28, is amended to read:

21          36.60 (4) LOAN REPAYMENT. (intro.) Principal Except as provided in sub. (4m).  
22          principal and interest due on loans, exclusive of any penalties, may be repaid by the  
23          board at the following rate:

24          **SECTION 16.** 36.60 (4m) of the statutes is created to read:

**BILL**

1           **36.60 (4m)** LOAN REPAYMENT; RURAL PHYSICIANS. If a physician agrees under sub.  
2           (3) to practice in a rural area, principal and interest due on the loan, exclusive of any  
3           penalties, may be repaid by the board at the following rate:

4           (a) Up to 40 percent of the principal of the loan or \$40,000, whichever is less,  
5           during the first year of participation in the program under this section.

6           (b) Up to an additional 40 percent of the principal of the loan or \$40,000,  
7           whichever is less, during the 2nd year of participation in the program under this  
8           section.

9           (c) Up to an additional 20 percent of the principal of the loan or \$20,000,  
10          whichever is less, during the 3rd year of participation in the program under this  
11          section.

12          **SECTION 17.** 36.60 (5) (a) of the statutes, as affected by 2009 Wisconsin Act 28,  
13          is amended to read:

14          **36.60 (5)** (a) The obligation of the board to make payments under an agreement  
15          entered into under sub. (3) (b) is subject to the availability of funds in the  
16          appropriations under s. 20.285 (1) (jc) ~~and, (ks), and (qj).~~

17          **SECTION 18.** 36.60 (5) (b) (intro.) of the statutes, as affected by 2009 Wisconsin  
18          Act 28, is amended to read:

19          **36.60 (5)** (b) (intro.) If the cost of repaying the loans of all eligible applicants,  
20          when added to the cost of loan repayments scheduled under existing agreements,  
21          exceeds the total amount in the appropriations under s. 20.285 (1) (jc) ~~and, (ks), and~~  
22          ~~(qj)~~, the board shall establish priorities among the eligible applicants based upon the  
23          following considerations:

24          **SECTION 19.** 36.60 (5) (b) 1. of the statutes, as affected by 2009 Wisconsin Act  
25          28, is amended to read:

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1           36.60 (5) (b) 1. The degree to which there is an extremely high need for medical  
2     care in the eligible practice area ~~or~~, health professional shortage area, or rural area  
3     in which a physician desires to practice and the degree to which there is an extremely  
4     high need for dental care in the dental health shortage area or rural area in which  
5     a dentist desires to practice.

6           **SECTION 20.** 36.60 (5) (b) 2. of the statutes, as affected by 2009 Wisconsin Act  
7     28, is amended to read:

8           36.60 (5) (b) 2. The likelihood that a physician will remain in the eligible  
9     practice area ~~or~~, health professional shortage area, or rural area, and that a dentist  
10    will remain in the dental health shortage area or rural area, in which he or she  
11    desires to practice after the loan repayment period.

12          **SECTION 21.** 36.60 (5) (b) 3. of the statutes, as affected by 2009 Wisconsin Act  
13    28, is amended to read:

14          36.60 (5) (b) 3. The per capita income of the eligible practice area ~~or~~, health  
15    professional shortage area, or rural area in which a physician desires to practice and  
16    of the dental health shortage area or rural area in which a dentist desires to practice.

17          **SECTION 22.** 36.60 (5) (b) 4. of the statutes, as affected by 2009 Wisconsin Act  
18    28, is amended to read:

19          36.60 (5) (b) 4. The financial or other support for physician recruitment and  
20    retention provided by individuals, organizations, or local governments in the eligible  
21    practice area ~~or~~, health professional shortage area, or rural area in which a physician  
22    desires to practice and for dentist recruitment and retention provided by individuals,  
23    organizations, or local governments in the dental health shortage area or rural area  
24    in which a dentist desires to practice.

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1           **SECTION 23.** 36.60 (5) (b) 5. of the statutes, as affected by 2009 Wisconsin Act  
2 28, is amended to read:

3           36.60 (5) (b) 5. The geographic distribution of the physicians and dentists who  
4 have entered into loan repayment agreements under this section and the geographic  
5 distribution of the eligible practice areas, health professional shortage areas, and  
6 dental health shortage areas, and rural areas in which the eligible applicants desire  
7 to practice.

8           **SECTION 24.** 36.60 (8) (b) of the statutes, as affected by 2009 Wisconsin Act 28,  
9 is amended to read:

10          36.60 (8) (b) Identify eligible practice areas and rural areas with an extremely  
11 high need for medical care and dental health shortage areas and rural areas with an  
12 extremely high need for dental care.

13          **SECTION 25.** 36.60 (8) (h) of the statutes is created to read:

14          36.60 (8) (h) Notwithstanding subs. (3) (b) and (5) (a) and (b), ensure that  
15 moneys appropriated under s. 20.285 (1) (qj) are used under this section only to repay  
16 loans on behalf of physicians and dentists who agree to practice in a rural area.

17          **SECTION 26.** 36.61 (1) (e) of the statutes is created to read:

18          36.61 (1) (e) "Rural area" has the meaning given in s. 36.63 (1) (b). <sup>(c)</sup>

19          **SECTION 27.** 36.61 (3) of the statutes, as affected by 2009 Wisconsin Act 28, is  
20 amended to read:

21          36.61 (3) AGREEMENT. (a) The board shall enter into a written agreement with  
22 the health care provider. In the agreement, the health care provider shall agree to  
23 practice at least 32 clinic hours per week for 3 years in one or more eligible practice  
24 areas in this state or in a rural area, except that a health care provider in the  
25 expanded loan assistance program under sub. (8) who is not a dental hygienist may

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1 only agree to practice at a public or private nonprofit entity in a health professional  
2 shortage area.

3 (b) The agreement shall specify that the responsibility of the board to make the  
4 payments under the agreement is subject to the availability of funds in the  
5 appropriations under s. 20.285 (1) (jc) ~~and, (ks), and (qj).~~

6 **SECTION 28.** 36.61 (5) (a) of the statutes, as affected by 2009 Wisconsin Act 28,  
7 is amended to read:

8 36.61 (5) (a) The obligation of the board to make payments under an agreement  
9 entered into under sub. (3) is subject to the availability of funds in the appropriations  
10 under s. 20.285 (1) (jc) ~~and, (ks), and (qj).~~

11 **SECTION 29.** 36.61 (5) (b) (intro.) of the statutes, as affected by 2009 Wisconsin  
12 Act 28, is amended to read:

13 36.61 (5) (b) (intro.) If the cost of repaying the loans of all eligible applicants,  
14 when added to the cost of loan repayments scheduled under existing agreements,  
15 exceeds the total amount in the appropriations under s. 20.285 (1) (jc) ~~and, (ks), and~~  
16 ~~(qj),~~ the board shall establish priorities among the eligible applicants based upon the  
17 following considerations:

18 **SECTION 30.** 36.61 (5) (b) 1. of the statutes, as affected by 2009 Wisconsin Act  
19 28, is amended to read:

20 36.61 (5) (b) 1. The degree to which there is an extremely high need for medical  
21 care in the eligible practice area ~~or, health professional shortage area, or rural area~~  
22 in which an eligible applicant who is not a dental hygienist desires to practice and  
23 the degree to which there is an extremely high need for dental care in the dental  
24 health shortage area or rural area in which an eligible applicant who is a dental  
25 hygienist desires to practice.

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1           **SECTION 31.** 36.61 (5) (b) 2. of the statutes, as affected by 2009 Wisconsin Act  
2       28, is amended to read:

3           36.61 (5) (b) 2. The likelihood that an eligible applicant will remain in the  
4       eligible practice area ~~or~~, health professional shortage area, or rural area in which he  
5       or she desires to practice after the loan repayment period.

6           **SECTION 32.** 36.61 (5) (b) 3. of the statutes, as affected by 2009 Wisconsin Act  
7       28, is amended to read:

8           36.61 (5) (b) 3. The per capita income of the eligible practice area ~~or~~, health  
9       professional shortage area, or rural area in which an eligible applicant desires to  
10      practice.

11          **SECTION 33.** 36.61 (5) (b) 4. of the statutes, as affected by 2009 Wisconsin Act  
12      28, is amended to read:

13          36.61 (5) (b) 4. The financial or other support for health care provider  
14      recruitment and retention provided by individuals, organizations or local  
15      governments in the eligible practice area ~~or~~, health professional shortage area, or  
16      rural area in which an eligible applicant desires to practice.

17          **SECTION 34.** 36.61 (5) (b) 5. of the statutes, as affected by 2009 Wisconsin Act  
18      28, is amended to read:

19          36.61 (5) (b) 5. The geographic distribution of the health care providers who  
20      have entered into loan repayment agreements under this section and the geographic  
21      location of the eligible practice area ~~or~~, health professional shortage area, or rural  
22      area in which an eligible applicant desires to practice.

23          **SECTION 35.** 36.61 (7) (e) of the statutes is created to read:

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1           36.61 (7) (e) Notwithstanding subs. (3) (b) and (5) (a) and (b), ensure that  
2           moneys appropriated under s. 20.285 (1) (qj) are used under this section only to repay  
3           loans on behalf of health care providers who agree to practice in a rural area.

4           **SECTION 36.** 36.63 of the statutes is created to read:

5           **36.63 Rural physician residency assistance program.** (1) In this section:

6           (b) ~~an~~ "Physician" means a physician, as defined in s. 448.01 (5), who specializes  
7           in family practice, general surgery, internal medicine, obstetrics, pediatrics or  
8           psychiatry.

9           (c) ~~an~~ "Rural area" means any of the following:

10           1. A city, town, or village in this state that has a population of less than 20,000  
11           and that is at least 15 miles from any city, town, or village that has a population of  
12           at least 20,000.

13           2. An area in this state that is not an urbanized area, as defined by the federal  
14           bureau of the census.

15           (2) (a) The ~~board~~ <sup>department</sup> shall establish and support physician residency positions to  
16           which one of the following applies:

17           1. The residency position is in a hospital that is located in a rural area or in a  
18           clinic staffed by physicians who admit patients to a hospital located in a rural area.

19           2. The residency position includes a rural rotation, begun after June 30, 2010,  
20           which consists of at least 8 weeks of training experience in a hospital that is located  
21           in a rural area or in a clinic staffed by physicians who admit patients to a hospital  
22           located in a rural area.

23           (b) In establishing and supporting residency positions under par. (a), the ~~board~~  
24           shall give preference to residency programs that actively recruit graduates of the

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1 University of Wisconsin School of Medicine and Public Health and the Medical  
2 College of Wisconsin.

3 (3) Annually by December 1, the board shall submit a plan for increasing the  
4 number of physician residency programs that include a majority of training  
5 experience in a rural area to the Rural Wisconsin Health Cooperative, the Wisconsin  
6 Hospital Association, and the Wisconsin Medical Society. The plan shall include a  
7 detailed proposed budget for expending the moneys appropriated to the board under  
8 s. 20.285 (1) (qe) and demonstrate that the moneys do not supplant existing funding.  
9 The board shall consider comments made by the organizations in formulating its  
10 final budget.

11 (4) Annually by December 1, the board shall submit to the joint committee on  
12 finance a report that includes all of the following:

13 (a) The number of physician residency positions that existed in the 2009-10  
14 fiscal year, and in each fiscal year beginning after the effective date of this paragraph  
15 .... [LRB inserts date], that included a majority of training experience in a rural area.

16 (b) 1. The number of such physician residency positions funded in whole or in  
17 part under this section in the previous fiscal year.

18 2. The eligibility criteria met by each such residency position and the hospital  
19 or clinic with which the position is affiliated.

20 3. The medical school attended by the physician filling each such residency  
21 position.

22 4. The year the Accreditation Council for Graduate Medical Education certified  
23 the residency position.

24 5. The reason the residency position had not been funded.

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1       **SECTION 37.** 49.45 (3) (e) 11. of the statutes, as created by 2009 Wisconsin Act  
2       2, is amended to read:

3       49.45 (3) (e) 11. The department shall use a portion of the moneys collected  
4       under s. 50.38 (2) (a) to pay for services provided by eligible hospitals, as defined in  
5       s. 50.38 (1), other than critical access hospitals, under the Medical Assistance  
6       Program under this subchapter, including services reimbursed on a fee-for-service  
7       basis and services provided under a managed care system. For state fiscal year  
8       2008-09, total payments required under this subdivision, including both the federal  
9       and state share of Medical Assistance, shall equal the amount collected under s.  
10      50.38 (2) (a) for fiscal year 2008-09 divided by 57.75 percent. For each state fiscal  
11      year after state fiscal year 2008-09, total payments required under this subdivision,  
12      including both the federal and state share of Medical Assistance, shall equal the  
13      amount collected under s. 50.38 (2) (a) for the fiscal year divided by 61.68 percent.

14      **SECTION 38.** 49.45 (3) (e) 12. of the statutes is created to read:

15      49.45 (3) (e) 12. The department shall use a portion of the moneys collected  
16      under s. 50.38 (2) (b) to pay for services provided by critical access hospitals under  
17      the Medical Assistance Program under this subchapter, including services  
18      reimbursed on a fee-for-service basis and services provided under a managed care  
19      system. For each state fiscal year, total payments required under this subdivision,  
20      including both the federal and state share of Medical Assistance, shall equal the  
21      amount collected under s. 50.38 (2) (b) for the fiscal year divided by 61.68 percent.

22      **SECTION 39.** 49.45 (59) (a) of the statutes, as created by 2009 Wisconsin Act 2,  
23      is amended to read:

24      49.45 (59) (a) The department shall, from the appropriation account accounts  
25      under s. 20.435 (4) (xc) and (xe), pay each health maintenance organization with

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1 which it contracts to provide medical assistance a monthly amount that the health  
2 maintenance organization shall use to make payments to hospitals under par. (b).

3 **SECTION 40.** 50.38 (1) (a) of the statutes, as created by 2009 Wisconsin Act 2,  
4 is repealed.

5 **SECTION 41.** 50.38 (2) of the statutes, as created by 2009 Wisconsin Act 2, is  
6 renumbered 50.38 (2) (a) and amended to read:

7 50.38 (2) (a) For the privilege of doing business in this state, there is imposed  
8 on each eligible hospital that is not a critical access hospital an assessment each state  
9 fiscal year that is equal to a uniform percentage, determined under sub. (3), of the  
10 hospital's gross patient revenues, as reported under s. 153.46 (5) and determined by  
11 the department. The assessments shall be deposited in the hospital assessment  
12 fund.

13 **SECTION 42.** 50.38 (2) (b) of the statutes is created to read:

14 50.38 (2) (b) Except as provided in sub. (11), for the privilege of doing business  
15 in this state, there is imposed on each critical access hospital an assessment each  
16 state fiscal year that is equal to a uniform percentage, determined under sub. (3), of  
17 the critical access hospital's gross inpatient revenues, as reported under s. 153.46 (5)  
18 and determined by the department. The assessments shall be deposited in the  
19 critical access hospital assessment fund.

20 **SECTION 43.** 50.38 (3) of the statutes, as created by 2009 Wisconsin Act 2, is  
21 amended to read:

22 50.38 (3) The department shall establish the percentage that is applicable  
23 under sub. (2) (a) and (b) so that the total amount of assessments collected under ~~this~~  
24 section sub. (2) (a) in a state fiscal year is equal to the amount in the schedule under  
25 s. 20.005 (3) for the appropriation under s. 20.435 (4) (xc) for that fiscal year.

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1       **SECTION 44.** 50.38 (4) of the statutes, as created by 2009 Wisconsin Act 2, is  
2 amended to read:

3       50.38 (4) Except as provided in sub. (5), each eligible hospital shall pay the  
4 applicable annual assessment under sub. (2) in 4 equal amounts that are due by  
5 September 30, December 31, March 31, and June 30 of each year.

6       **SECTION 45.** 50.38 (6) (a) 1. of the statutes, as created by 2009 Wisconsin Act  
7 2, is amended to read:

8       50.38 (6) (a) 1. If the federal government does not provide federal financial  
9 participation under the federal Medicaid program for amounts collected under ~~this~~  
10 ~~section~~ sub. (2) (a) that are used to make payments required under s. 49.45 (3) (e) 11.  
11 or (5r), that are transferred under sub. (8) and used to make payments from the  
12 Medical Assistance trust fund, or that are transferred under sub. (9) and expended  
13 under ~~under~~ s. 20.435 (4) (jw), the department shall, from the fund from which the  
14 payment or expenditure was made, refund eligible hospitals, other than critical  
15 access hospitals, the amount for which the federal government does not provide  
16 federal financial participation.

17       **SECTION 46.** 50.38 (6) (a) 2. of the statutes, as created by 2009 Wisconsin Act  
18 2, is amended to read:

19       50.38 (6) (a) 2. If the department makes a refund under subd. 1. as result of  
20 failure to obtain federal financial participation under the federal Medicaid program  
21 for a payment required under s. 49.45 (3) (e) 11. or (5r) or a payment from the Medical  
22 Assistance trust fund, the department shall recoup the part of the payment for which  
23 the federal government does not provide federal financial participation.

24       **SECTION 47.** 50.38 (6) (b) of the statutes, as created by 2009 Wisconsin Act 2,  
25 is amended to read:

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1           50.38 (6) (b) On June 30 of each state fiscal year, the department shall, from  
2           the appropriation account under s. 20.435 (4) (xc), refund to eligible hospitals, other  
3           than critical access hospitals, the difference between the amount in the schedule  
4           under s. 20.005 (3) for that appropriation and the amount expended or encumbered  
5           from that appropriation in the fiscal year.

6           **SECTION 48.** 50.38 (6) (c) of the statutes, as created by 2009 Wisconsin Act 2,  
7           is amended to read:

8           50.38 (6) (c) The department shall allocate any refund under this subsection  
9           to eligible hospitals, other than critical access hospitals, in proportion to the  
10          percentage of the total assessments collected under sub. (2) (a) that each hospital  
11          paid.

12          **SECTION 49.** 50.38 (6m) of the statutes is created to read:

13          50.38 (6m) (a) 1. If the federal government does not provide federal financial  
14          participation under the federal Medicaid program for amounts collected under sub.  
15          (2) (b) that are used to make payments required under s. 49.45 (3) (e) 12. or that are  
16          transferred under sub. (10) and used to make payments from the Medical Assistance  
17          trust fund, the department shall, from the fund from which the payment or  
18          expenditure was made, refund critical access hospitals the amount for which the  
19          federal government does not provide federal financial participation.

20          2. If the department makes a refund under subd. 1. as result of failure to obtain  
21          federal financial participation under the federal Medicaid program for a payment  
22          required under s. 49.45 (3) (e) 12. or a payment from the Medical Assistance trust  
23          fund, the department shall recoup the part of the payment for which the federal  
24          government does not provide federal financial participation.

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1           3. Moneys recouped under subd. 2. for payments made from the critical access  
2   hospital assessment fund shall be deposited in the critical access hospital  
3   assessment fund.

4           4. Moneys recouped under subd. 2. for payments made from the Medical  
5   Assistance trust fund shall be deposited in the Medical Assistance trust fund.

6           (b) On June 30 of each state fiscal year, the department shall, from the  
7   appropriation account under s. 20.435 (4) (xe), refund to critical access hospitals any  
8   unencumbered moneys in the critical access hospital assessment fund.

9           (c) The department shall allocate any refund under this subsection to critical  
10   access hospitals in proportion to the percentage of the total assessments collected  
11   under sub. (2) (b) that each critical access hospital paid.

12           **SECTION 50.** 50.38 (7) (d) of the statutes, as created by 2009 Wisconsin Act 2,  
13   is amended to read:

14           50.38 (7) (d) The total amount of payment increases the department made, in  
15   connection with implementation of the hospital ~~assessment~~ assessments under sub.  
16   (2), for inpatient and outpatient hospital services that are reimbursed on a  
17   fee-for-service basis.

18           **SECTION 51.** 50.38 (8) of the statutes is amended to read:

19           50.38 (8) In each state fiscal year, the secretary of administration shall transfer  
20   from the hospital assessment fund to the Medical Assistance trust fund an amount  
21   equal to the amount in the schedule under s. 20.005 (3) for the appropriation under  
22   s. 20.435 (4) (xc) for that fiscal year minus the state share of payments to hospitals  
23   required under s. 49.45 (3) (e) 11., and minus any refunds paid to hospitals from the  
24   hospital assessment fund under sub. (6) (a) in that fiscal year.

25           **SECTION 52.** 50.38 (10) of the statutes is created to read:

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1           50.38 (10) In each state fiscal year, the secretary of administration shall  
2 transfer from the critical access hospital assessment fund to the Medical Assistance  
3 trust fund an amount equal to the amount collected under sub. (2) (b) minus the state  
4 share of the amount required to be expended under s. 49.45 (3) (e) 12., minus the  
5 amounts appropriated under s. 20.285 (1) (qe) and (qj), and minus any refunds paid  
6 to critical access hospitals from the critical access hospital assessment fund under  
7 sub. (6m) (a) in that fiscal year.

**SECTION 53. Nonstatutory provisions.**

8           (1) STATE PLAN AMENDMENT. The department of health services shall submit a  
9 state medicaid plan amendment to the secretary of the federal department of health  
10 and human services that provides for the critical access hospital assessment under  
11 section 50.38 (2) (b) of the statutes, as created by this act, and expenditure of revenue  
12 from the critical access hospital assessment as provided in this act. If the secretary  
13 of the federal department of health and human services disapproves the state  
14 medicaid plan amendment, the department of health services shall refund to critical  
15 access hospitals all of the moneys collected from the critical access hospital  
16 assessment in the fiscal biennium in which this subsection takes effect and stop  
17 collecting moneys under the critical access hospital assessment.

18           (2) BUDGETING PRACTICES. This act does not affect any requirements under  
19 section 16.46 of the statutes. The departments of administration and health services  
20 shall review, reestimate, and request general purpose revenue for payments to  
21 critical access hospitals under the Medical Assistance Program under subchapter IV  
22 of chapter 49 of the statutes as needed.  
23

**SECTION 54. Fiscal changes.**

24  
notwithstanding section  
50.38(2)(b) of the  
statutes, as created  
by this act

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(1) **MEDICAL ASSISTANCE TRUST FUND.** In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of health services under section 20.435 (4) (w) of the statutes, as affected by the acts of 2009, the dollar amount is increased by \$3,680,500 for the second fiscal year of the fiscal biennium in which this subsection takes effect for the purposes for which the appropriation is made.

**SECTION 55. Initial applicability.**

(1) The treatment of section 49.45 (3) (e) 12. of the statutes first applies to services provided by critical access hospitals on July 1, 2010.

**SECTION 56. Effective date.**

(1) This act takes effect on July 1, 2010.

**(END)**